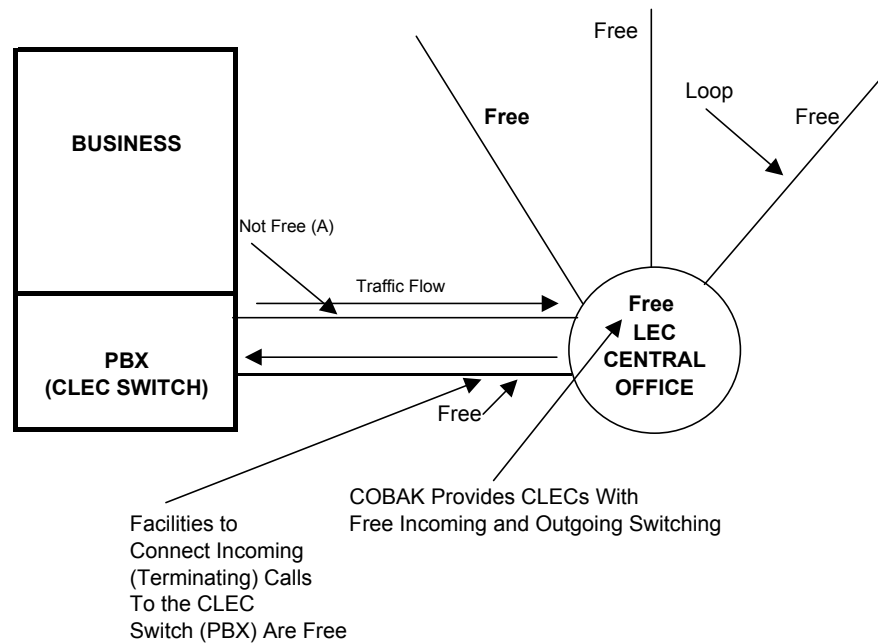


## COBAK (DE GRABA)

### **CUSTOMERS CAN ARBITRAGE COBAK BY MAKING THEMSELVES A "CLEC" (LOCAL INTERCONNECTION EXAMPLE)**

**CUSTOMERS COULD ARBITRAGE COBAK TO RECEIVE FREE LOCAL SWITCHING FOR BOTH INCOMING AND OUTGOING TRAFFIC, AND TO RECEIVE SOME OF THE FACILITIES BETWEEN THEMSELVES AND THE LECs' CENTRAL OFFICE FOR FREE, BY MAKING THEMSELVES A "CLEC"**

#### **CHARGES TO THE BUSINESS AS A CLEC:**



A) The ONLY LEC service or facility the "CLEC" pays for is the facility between the CLEC and the LEC central office used for originating traffic.

#### **DeGraba (COBAK) Rules:**

- "Rule 1:** No carrier may recover any costs of its customers' local access facilities from an interconnecting carrier." (Paragraph 24, DeGraba) "Local access facilities" consist of the loop serving the customers' premises and the central office switches that serve the customers' loops. (Paragraph 23, DeGraba) This rule means no part of the LEC's central office switching costs may be billed to the CLEC. That central office switch handles all of the traffic to and from the CLEC at no charge.
- "Rule 2:** For calls transversing two networks, the calling party's network is responsible for the cost of transporting the call to the called party's central office." (Paragraph 24, DeGraba) For incoming traffic to the CLEC, the "central office" is the PBX, and therefore the LEC is responsible for transport of the incoming calls all the way to that central office (PBX switch). For calls outgoing from the business, the CLEC is responsible to transport those calls to the CLEC's central office. As shown above, this is the only LEC service or facility that the CLEC would pay for.

**Note:** This diagram is for local service in an exchange (local calling area) service by one LEC central office. Similar arbitrage opportunities exist under COBAK and BASIC for more complex networks as well.